



BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**FILED**

08-01-06

03:47 PM

Application of Southern California Edison Company (U 338 E) for Approval of Economic Development Rates.	Application 04-04-008 (Filed April 5, 2004) (Rehearing Granted May 25, 2006)
Application of Pacific Gas and Electric Company to Modify the Experimental Economic Development Rate (Schedule ED). (U 39 E)	Application 04-06-018 (Filed June 14, 2004) (Rehearing Granted May 25, 2006)
Application of SOUTHERN CALIFORNIA GAS COMPANY (U904G) for Approval of Long-Term Gas Transportation Agreement with Guardian Industries Corp.	Application 05-10-010 (Filed October 7, 2005) (Discount Issues)

**SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E) COMMENTS IN RESPONSE TO  
ADMINISTRATIVE LAW JUDGE'S RULING REGARDING ORDER GRANTING LIMITED  
REHEARING OF DECISION 05-09-018 REGARDING THE FLOOR PRICE FOR EDR**

**JAMES M. LEHRER**  
**FRANK A. McNULTY**

Attorneys for  
SOUTHERN CALIFORNIA EDISON COMPANY

2244 Walnut Grove Avenue  
Post Office Box 800  
Rosemead, California 91770  
Telephone: (626) 302-1499  
Facsimile: (626) 302-6693  
E-mail: [mcnultfa@sce.com](mailto:mcnultfa@sce.com)

Dated: **August 1, 2006**

**COMMENTS IN RESPONSE TO ADMINISTRATIVE LAW JUDGE’S RULING REGARDING ORDER GRANTING  
LIMITED REHEARING OF DECISION 05-09-018 REGARDING THE FLOOR PRICE FOR EDR**

**SUBJECT INDEX**

<b><u>Section</u></b>	<b><u>Title</u></b>	<b><u>Page</u></b>
I.	INTRODUCTION .....	1
II.	DISCUSSION .....	2
A.	Any Changes To The Policies And Ratemaking The Commission Approved In D.05-09-018 Should Be Prospective Only .....	2
1.	This Proceeding Has Already Been Fully Litigated .....	2
2.	SCE And PG&E Voluntarily Filed The Applications Approved In D.05-09-018.....	2
3.	Imposing An Obligation To Bear Some Of The EDR Discounts On Utilities Would Violate Public Utilities Code §740.4 And Cost-Of-Service Ratemaking.....	3
4.	While The Commission Has The Power To Retroactively Change The Ratemaking Adopted In D.05-09-018, It Should Consider The Settled Expectations Of The Parties That Acted In Reliance On That Decision.....	4
5.	The Utilities And Their Customers Have Acted In Good Faith Reliance On The Ratemaking Policies Adopted In D.05-09-018....	5
B.	SCE Responses To Questions Posed In ALJ Ruling .....	6
1.	Is it necessary to exclude some or all nonbypassable charges from the floor price in order to provide the level of EDR discount adopted in D.05-09-018? .....	6
2.	Can the Commission discount any nonbypassable charges? Which ones?.....	12
3.	For each individual nonbypassable charge, address whether exemptions or exceptions for EDR customers are permissible under the applicable statutes and Commission decisions. ....	14
a.	Section 366.2(d) – DWR Charges And Exemptions .....	14
b.	Section 367, et seq., Competition Transition Charges And Exemptions .....	16
c.	Section 379 Nuclear Decommissioning Charges .....	17

**COMMENTS IN RESPONSE TO ADMINISTRATIVE LAW JUDGE’S RULING REGARDING ORDER GRANTING  
LIMITED REHEARING OF DECISION 05-09-018 REGARDING THE FLOOR PRICE FOR EDR  
SUBJECT INDEX (CONTINUED)**

<b><u>Section</u></b>	<b><u>Title</u></b>	<b><u>Page</u></b>
	d. Section 381 Public Purpose Program Charges .....	18
4.	What non-bypassable charges are subject to exception upon a Commission finding that there will be no cost shifting? .....	19
	a. Parties advocating exception from the payment of such non-bypassable charges must submit a showing to demonstrate why cost shifting would not occur (e.g., does customer retention in fact produce benefits that would offset any shifting of costs to other customer classes?).....	19
	b. Do any of the benefits of retaining EDR customers accrue to shareholders? If so, how should this be considered when determining cost-shifting?.....	19
5.	Can EDR program levels under D.05-09-018 be achieved by applying the discount to bill components other than nonbypassable charges? Are there any statutory restrictions to applying the EDR discount to the other bill components? .....	20
	a. What would be the resulting allocation of program costs?21	
	b. Would applying the discount to the other bill components (e.g., distribution and transmission) result in zero or negative margin to those charges? If so, by how much (expressed as a percentage)? How should this shortfall be allocated among the remaining customer classes? .....	22
	c. What benefits accrue to remaining customers that offset any shortfalls? .....	22
III.	CONCLUSION.....	27

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

Application of Southern California Edison Company (U 338 E) for Approval of Economic Development Rates.	Application 04-04-008 (Filed April 5, 2004) (Rehearing Granted May 25, 2006)
Application of Pacific Gas and Electric Company to Modify the Experimental Economic Development Rate (Schedule ED). (U 39 E)	Application 04-06-018 (Filed June 14, 2004) (Rehearing Granted May 25, 2006)
Application of SOUTHERN CALIFORNIA GAS COMPANY (U904G) for Approval of Long-Term Gas Transportation Agreement with Guardian Industries Corp.	Application 05-10-010 (Filed October 7, 2005) (Discount Issues)

**SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E) COMMENTS IN RESPONSE TO  
ADMINISTRATIVE LAW JUDGE’S RULING REGARDING ORDER GRANTING LIMITED  
REHEARING OF DECISION 05-09-018 REGARDING THE FLOOR PRICE FOR EDR**

Pursuant to Decision (D.) 06-05-042 and the ADMINISTRATIVE LAW JUDGE’S RULING REGARDING ORDER GRANTED LIMITED REHEARING OF DECISION 05-09-018 REGARDING THE FLOOR PRICE FOR EDR, dated June 22, 2006, Southern California Edison Company (SCE) respectfully submits these comments.

**I. INTRODUCTION**

In D.06-05-042 the Commission granted limited rehearing of D.05-09-018, posing a series of questions to be addressed before it resolved the application for rehearing. Those questions were reiterated in the June 22, 2006 ruling, which directed parties to file comments responding to those questions by August 1, 2006. In the comments that follow SCE responds to those questions. First, SCE discusses the general considerations that should inform the Commission’s decision on the application for rehearing.

## **II. DISCUSSION**

### **A. Any Changes To The Policies And Ratemaking The Commission Approved In D.05-09-018 Should Be Prospective Only**

#### **1. This Proceeding Has Already Been Fully Litigated**

Before it adopted D.05-09-018, the Commission received the applications and prepared testimony of SCE and Pacific Gas and Electric Company (PG&E), held four days of evidentiary hearings on those applications, received parties' opening and reply briefs, issued a proposed decision and two alternates, and received opening and reply comments on the proposed and alternate decisions.<sup>1</sup> In compliance with D.05-09-018, SCE filed Advice Letter 1918-E-A, which submitted the tariff changes and EDR contracts needed to implement that decision. Other parties had an opportunity to comment on that Advice Letter. By letter dated November 16, 2005, the Commission's Energy Division approved Advice Letter 1918-E-A with an effective date of October 3, 2005. The issues resolved in D.05-09-018 were thus fully and fairly addressed.

#### **2. SCE And PG&E Voluntarily Filed The Applications Approved In D.05-09-018**

As the Commission observed in D.05-09-018: "The economic development tariffs proposed in these two applications [by SCE and PG&E] were designed to attract business to California, to expand business in California, or to retain business in California."<sup>2</sup> The Commission "accept[ed] the proposed economic development rates ... on the ground that the utilities have demonstrated that the proposed rates have the potential to accomplish the established goals..."<sup>3</sup> While these applications were in keeping with the general intent of Public Utilities Code §740.4, no statute or Commission order required SCE or PG&E to file them. In fact, the state's other large investor-owned electric utility, San Diego Gas & Electric Company (SDG&E), chose not to request approval of comparable EDR contracts. While the Commission "strongly encouraged" SDG&E "to file applications consistent with the spirit of PG&E and SCE's electric economic development rate programs as adopted herein,"<sup>4</sup> the Commission did not require SDG&E to do so. Therefore, if the

---

<sup>1</sup> In the form of testimony, briefs, or comments, during the course of this proceeding the Commission heard from SCE, PG&E, the Alliance for Retail Markets, Western Power Trading Forum, Modesto Irrigation District, Office of Ratepayer Advocates, and Aglet Consumer Alliance.

<sup>2</sup> D.05-09-018, [mimeo], p. 2.

<sup>3</sup> *Id.*

<sup>4</sup> *Id.*, p. 29.

Commission decides in the context of this application for rehearing to change the ratemaking adopted in D.05-09-018, SCE and PG&E should be given the option of withdrawing the tariffs and contracts filed pursuant to that decision.

### **3. Imposing An Obligation To Bear Some Of The EDR Discounts On Utilities Would Violate Public Utilities Code §740.4 And Cost-Of-Service Ratemaking**

Public Utilities Code §740.4(a) directs the Commission to authorize public utilities to engage in programs to encourage economic development. Section 740.4(c) defines economic development activities to include industrial and commercial expansion and relocation assistance and business retention and recruitment. Section 740.4(b) provides for rate recovery of economic development program expenses provided the utility demonstrates that the program provides ratepayer benefits. Section 740.4(h) states:

It is the intent of the Legislature that the Public Utilities Commission ... shall allow rate recovery of expenses and rate discounts supporting economic development programs within the geographic area served by any public utility to the extent the utility incurring or proposing to incur those expenses and rate discounts demonstrates that the ratepayers of the public utility will derive a benefit from those programs.<sup>5</sup>

In addition to that statutory directive, the Commission has held as a fundamental principle that: “Under cost-of-service regulation, the utility is entitled to all of its reasonable costs and expenses, as well as the opportunity to earn a rate of return on the utility’s rate base.”<sup>6</sup> The Commission determines an energy utility’s reasonable level of expenses and rate base in a general rate case proceeding.<sup>7</sup> While utilities may choose to fund some part of the EDR,<sup>8</sup> an attempt to require them to do so would counter both Public Utilities Code §740.4 and the ratemaking principle that a utility is entitled to “all its reasonable costs and expenses, as well as the opportunity to earn a rate of return on the utility’s rate base.”

---

<sup>5</sup> CAL. PUB. UTIL CODE §740.4(h).

<sup>6</sup> *Re Pacific Gas & Electric Co.*, D.03-02-035, [mimeo], p. 6, (*emphasis added*), 2003 Cal. PUC LEXIS 93.

<sup>7</sup> For SCE, the most recent general rate case decision is D.06-05-016, adopted in May 2006.

<sup>8</sup> See, e.g., *Re Pacific Gas & Electric Co.*, D.95-10-033, 62 CPUC 2d 24.

#### **4. While The Commission Has The Power To Retroactively Change The Ratemaking Adopted In D.05-09-018, It Should Consider The Settled Expectations Of The Parties That Acted In Reliance On That Decision**

The Commission's ability to change prior decisions derives both from Public Utilities Code §1708, which addresses reopening its decisions, and §1736, et seq., which address applications for rehearing. The Commission has held that its authority to reopen a prior decision under §1708 is an extraordinary remedy that must be exercised with great care to preserve the settled expectations of the parties.<sup>9</sup> The California Supreme Court has held that "Rehearing, unlike reopening, prevents an order previously made from becoming final."<sup>10</sup> Therefore, in response to the application for rehearing of D.05-09-018, the Commission has the authority to annul the entirety of D.05-09-018.

SCE has joined with PG&E in an application for rehearing of D.06-05-042, the decision that granted rehearing of D.05-09-018.<sup>11</sup> The two utilities have asked the Commission to sustain its findings that the EDR discounts be funded by utility ratepayers rather than shareholders.

While it is clear that the Commission has the statutory authority under Public Utilities Code §1736 to abrogate, change, or modify the ratemaking adopted in D.05-09-018, neither is it required to do so. SCE and several of its customers have acted in good faith reliance on the policies adopted in D.05-09-018 by entering into Commission-approved five-year economic development contracts. As

---

<sup>9</sup> See *Re Pacific Gas and Electric Co.*, Decision No. 92058, 1980 Cal. PUC LEXIS 785, pp. 23-24; 4 CPUC2d 139:

By its very nature, Section 1708 provides the possibility of an extraordinary remedy. Res judicata principles are among the most fundamental in our legal system, protecting parties from endless relitigation of the same issues. Section 1708 represents a departure from the standard that settled expectations should be allowed to stand undisturbed. Our past decisions recognize that the authority to reopen proceedings under Section 1708 must be exercised with great care and justified by extraordinary circumstances. See *Golconda Utilities Co.* (1968) 68 CPUC 296; *Application of Southern Pacific* (1969) 70 CPUC 150; *Southern Pacific Transp. Co.* (1973) 76 CPUC 2. Particularly where, as here, one or more parties have relied on decisions granting authority to construct a major generating facility, with substantial investments of time, money, and other resources in accordance with the terms therein, reopening can be justified only under the most compelling circumstances.

See also, *Re Southern California Gas Co.*, Decision 03-10-057, 2000 Cal. PUC LEXIS, 1149, p. 25, citing *Re United Parcel Services, Inc.* (1997) 71 CPUC 2d 714, 719; Cal. PUC LEXIS 427, citing *Application of Southern Pacific Co.* (1969) 70 CPUC 150, 152, *Cal Manufacturers Assn. v. Cal. Trucking Assn.* (1991) 72 CPUC 442, 445, and *Winton Manor Mutual Water Co.* (1978) 84 CPUC 645, 651:

We have also articulated specific parameters for this authority, stating in several decisions that we "may only modify or rescind a decision if (1) new facts are brought to the attention of the Commission, (2) conditions have undergone a material change, or (3) the Commission proceeded on a basic misconception of law or fact."

<sup>10</sup> See *City of Los Angeles, et al. v. Public Utilities Commission* (1975), 15 Cal. 3d 680, p. 707; 542 P.2d 1371; 125 Cal. Rptr. 779; 1975 Cal. LEXIS 262.

<sup>11</sup> JOINT APPLICATION OF PACIFIC GAS AND ELECTRIC COMPANY AND SOUTHERN CALIFORNIA EDISON COMPANY FOR REHEARING OF DECISION 06-05-042, filed June 26, 2006.

discussed further below, if the Commission does decide to change the ratemaking approved in D.05-09-018 it should also craft a remedy that holds SCE and its customers harmless for relying in good faith on that decision.

### **5. The Utilities And Their Customers Have Acted In Good Faith Reliance On The Ratemaking Policies Adopted In D.05-09-018**

Upon approval of the tariffs submitted in compliance with D.05-09-018, SCE began entering into the kind of economic development contracts approved in D.05-09-018 to attract, expand, and retain California businesses. SCE and the customers that entered into EDR contracts acted in good faith reliance on the ratemaking adopted in D.05-09-018. Those policies should not be changed now. If, however, the Commission nonetheless decides to alter the ratemaking adopted in D.05-09-018, it should allow the utilities that voluntarily chose to file EDR applications and that relied on the adopted policies to withdraw their EDR tariffs, or to otherwise hold the utilities harmless for acting in reliance on D.05-09-018. For example, in parallel with the comments on this application for rehearing of the SCE and PG&E EDR applications, the Commission is also addressing an issue left open in D.06-04-042 regarding Southern California Gas Company's (SoCalGas) application for approval of a long-term gas transportation agreement (A.05-10-010). In that decision the Commission noted a potential conflict between Public Utilities Code §890<sup>12</sup> and §740.4<sup>13</sup> and allowed parties to file comments addressing that issue along with comments on the application for rehearing.<sup>14</sup> Notably, in D.06-04-042, the Commission stated that if it subsequently decided to not discount the public purpose program costs, its decision would not adversely affect SoCalGas:

Should we decide that we should not discount the PPPS, we are prepared, in this application, to discount the transportation rate below marginal costs. Regardless of our ultimate choice, neither SoCalGas nor the PPPS will be adversely affected because §740.4(h) provides that any shortfall of revenue will be recovered from all ratepayers.<sup>15</sup>

---

<sup>12</sup> CAL. PUB. UTIL. CODE §890 generally requires all California gas consumers to pay a pipeline public purpose program surcharge.

<sup>13</sup> CAL. PUB. UTIL. CODE §740.4 generally requires the Commission to authorize utilities to engage in programs that encourage economic development and to allow rate recovery of expenses and rate discounts for economic development programs to the extent of ratepayer benefit.

<sup>14</sup> See ADMINISTRATIVE LAW JUDGE'S RULING REQUESTING COMMENTS, dated June 26, 2006 in A.05-10-010.

<sup>15</sup> D.06-04-002, [mimeo], p. 9.



Similarly, if the Commission decides to alter the ratemaking policies adopted in D.05-09-018, it should hold SCE harmless for relying on those policies by providing full recovery of the discounted contract costs.

## **B. SCE Responses To Questions Posed In ALJ Ruling**

### **1. Is it necessary to exclude some or all nonbypassable charges from the floor price in order to provide the level of EDR discount adopted in D.05-09-018?**

In Appendix A of SCE's original application testimony dated April 5, 2004, SCE presented a contribution to margin analysis for bundled service customers consistent with the SCE/PG&E joint proposal which showed that it was not necessary to exclude any of the non-bypassable charges from a floor price to provide the necessary EDR discounts.<sup>16</sup> This analysis has been updated to reflect rates and marginal costs from SCE's recent 2006 GRC-Phase 2 decision (D.06-06-067 (see Tables II-1 through II-4, below). As a result of the updated analysis, the adopted EDR discount rates are below the floor prices reflected in the Joint Proposal, but still, in most cases, exceed the floor prices approved in D.05-09-018. The two primary reasons for this reduction in the contribution to margin are: (1) the significant increases in marginal energy costs that have resulted from higher natural gas prices; and (2) the relative reduction in rates for our largest customers due to closer alignment between their rates and the costs of providing service to them.

Tables II-1 through II-4, below, provide updated contribution to margin analyses using the marginal costs and rates approved in D.06-06-067.<sup>17</sup> An analysis is provided for each of the four SCE rate groups EDR customers are most likely to be served under (TOU-GS-3, TOU-8-Secondary, TOU-8-Primary, TOU-8-Subtransmission). Each table shows the following:

1. Bundled service rate followed by a calculation of the EDR discount from that rate;
2. A Contribution to Margin analysis based on the Joint Proposal including nonbypassable charges in the floor price calculation;

---

<sup>16</sup> Consistent with the Joint Proposal, SCE considers the FERC-jurisdictional Transmission charge, DWR Bond charge, Public Purpose Programs charge, Competition Transition Charge, and Nuclear Decommissioning charge to be non-bypassable.

<sup>17</sup> The Joint Proposal includes CTC as a component of the floor price for use in limiting the EDR discount. Based on the total portfolio method, system CTC revenue for 2006 is negative, consistent with the Commission's recently authorized negative indifference charge (D.06-07-030). For purposes of the floor price calculation, CTC is assumed to be zero.

3. A Contribution to Margin analysis based on the floor price calculation approved in D.05-09-018, which excludes the nonbypassable charges;
4. Direct Access (DA) Service rate followed by a calculation of the EDR discount from that rate; and
5. A Contribution to Margin analysis for a DA customer.

The tables show that under the Joint Proposal a customer under any of these rate schedules would generate a negative margin roughly equal to the non-bypassable charges during the first year of the maximum EDR discount of 25% (e.g., in the case of TOU-GS-3, a negative margin in Year 1 of 1.90 cents per kWh versus non-bypassable charges of 1.88 cents per kWh). A floor price calculation based on the currently approved methodology from D.05-09-018 results in a positive margin.

SCE's original proposal for DA customers did not include a proxy for the Otherwise Applicable Tariff (OAT) generation discount for DA customers, though the Joint Proposal did. SCE's analysis of the DA customer incentives provided in D.05-09-018 results in the discounted EDR rates falling well below a floor price consisting of SCE's non-bypassable charges and marginal cost of distribution for every year of the EDR contract period.

Table II-1

Economic Development Rate Analysis - TOU-GS-3 Rate Group					
Average Load Factor Case - Class Average					
Bundled Service	Annual Rate (¢/kWh)				
Distribution	2.21				
Non-Bypassable Charges	1.88				
SCE Generation	7.14				
DWR Power	2.85				
Total	14.08				
	Year 1 25% discount	Year 2 20% discount	Year 3 15% discount	Year 4 10% discount	Year 5 5% discount
Current Rate	14.08	14.08	14.08	14.08	14.08
Discount from Current Rate	3.52	2.82	2.11	1.41	0.70
Rate After Discount [a]	10.56	11.27	11.97	12.67	13.38
CTM Analysis (Floor Prices - Joint Proposal)					
Non-Bypassable Charges	1.88	1.88	1.88	1.88	1.88
Transmission	0.560				
PPPC	0.774				
NDC	0.048				
DWR BC	0.485				
PUCRF	0.012				
SCE Distribution MC	2.17	2.17	2.17	2.17	2.17
SCE Generation MC	6.42	6.42	6.42	6.42	6.42
DWR Power	2.00	2.00	2.00	2.00	2.00
Total for Recovery [b]	12.46	12.46	12.46	12.46	12.46
CTM [a-b]	-1.90	-1.20	-0.49	0.21	0.91
CTM Analysis (Floor Prices - Current Method)					
SCE Transmission MC	0.44	0.44	0.44	0.44	0.44
SCE Distribution MC	2.17	2.17	2.17	2.17	2.17
SCE Generation MC	6.42	6.42	6.42	6.42	6.42
DWR Power	2.00	2.00	2.00	2.00	2.00
Total for Recovery [c]	11.03	11.03	11.03	11.03	11.03
CTM [a-c]	-0.47	0.24	0.94	1.65	2.35
Direct Access Service	Annual Rate (¢/kWh)				
Distribution	2.21				
Non-Bypassable Charges	1.88				
CRS	2.70				
Total	6.79				
	Year 1 25% discount	Year 2 20% discount	Year 3 15% discount	Year 4 10% discount	Year 5 5% discount
Current Rate	6.79	6.79	6.79	6.79	6.79
Discount (% of Bundled Rate)	3.52	2.82	2.11	1.41	0.70
Rate After Discount [a]	3.27	3.97	4.68	5.38	6.09
CTM Analysis					
Non-Bypassable Charges	1.88	1.88	1.88	1.88	1.88
CRS	2.70	2.70	2.70	2.70	2.70
SCE Distribution MC	2.17	2.17	2.17	2.17	2.17
Total for Recovery [b]	6.75	6.75	6.75	6.75	6.75
CTM [a-b]	-3.48	-2.77	-2.07	-1.37	-0.66

Table II-2

Economic Development Rate Analysis - TOU-8-Sec Rate Group					
Average Load Factor Case - Class Average					
Bundled Service	Annual Rate (\$/kWh)				
Distribution	1.95				
Non-Bypassable Charges	1.75				
SCE Generation	6.74				
DWR Power	2.85				
Total	13.30				
	Year 1 25% discount	Year 2 20% discount	Year 3 15% discount	Year 4 10% discount	Year 5 5% discount
Current Rate	13.30	13.30	13.30	13.30	13.30
Discount from Current Rate	3.32	2.66	1.99	1.33	0.66
Rate After Discount [a]	9.97	10.64	11.30	11.97	12.63
CTM Analysis (Floor Prices - Joint Proposal)					
Non-Bypassable Charges	1.75	1.75	1.75	1.75	1.75
Transmission	0.460				
PPPC	0.746				
NDC	0.048				
DWR BC	0.485				
PUCRF	0.012				
SCE Distribution MC	1.83	1.83	1.83	1.83	1.83
SCE Generation MC	6.02	6.02	6.02	6.02	6.02
DWR Power	2.00	2.00	2.00	2.00	2.00
Total for Recovery [b]	11.60	11.60	11.60	11.60	11.60
CTM [a-b]	-1.63	-0.96	-0.30	0.37	1.03
CTM Analysis (Floor Prices - Current Method)					
SCE Transmission MC	0.39	0.39	0.39	0.39	0.39
SCE Distribution MC	1.83	1.83	1.83	1.83	1.83
SCE Generation MC	6.02	6.02	6.02	6.02	6.02
DWR Power	2.00	2.00	2.00	2.00	2.00
Total for Recovery [c]	10.24	10.24	10.24	10.24	10.24
CTM [a-c]	-0.26	0.40	1.07	1.73	2.40
Direct Access Service	Annual Rate (\$/kWh)				
Distribution	1.95				
Non-Bypassable Charges	1.75				
CRS	2.70				
Total	6.40				
	Year 1 25% discount	Year 2 20% discount	Year 3 15% discount	Year 4 10% discount	Year 5 5% discount
Current Rate	6.40	6.40	6.40	6.40	6.40
Discount (% of Bundled Rate)	3.32	2.66	1.99	1.33	0.66
Rate After Discount [a]	3.08	3.74	4.41	5.07	5.74
CTM Analysis					
Non-Bypassable Charges	1.75	1.75	1.75	1.75	1.75
CRS	2.70	2.70	2.70	2.70	2.70
SCE Distribution MC	1.83	1.83	1.83	1.83	1.83
Total for Recovery [b]	6.28	6.28	6.28	6.28	6.28
CTM [a-b]	-3.20	-2.54	-1.87	-1.21	-0.54

Table II-3

<b>Economic Development Rate Analysis - TOU-8-Pri Rate Group</b>
--

## Average Load Factor Case - Class Average

<b>Bundled Service</b>	<b>Annual Rate (¢/kWh)</b>				
Distribution	1.62				
Non-Bypassable Charges	1.65				
SCE Generation	6.54				
DWR Power	2.85				
Total	12.67				
		<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>
		<b>25% discount</b>	<b>20% discount</b>	<b>15% discount</b>	<b>10% discount</b>
Current Rate		12.67	12.67	12.67	12.67
Discount from Current Rate		3.17	2.53	1.90	1.27
Rate After Discount [a]		9.50	10.13	10.77	11.40

## CTM Analysis (Floor Prices - Joint Proposal)

Non-Bypassable Charges	1.65	1.65	1.65	1.65	1.65
Transmission	0.392				
PPPC	0.716				
NDC	0.048				
DWR BC	0.485				
PUCRF	0.012				
SCE Distribution MC	1.59	1.59	1.59	1.59	1.59
SCE Generation MC	5.76	5.76	5.76	5.76	5.76
DWR Power	2.00	2.00	2.00	2.00	2.00
Total for Recovery [b]	10.99	10.99	10.99	10.99	10.99
CTM [a-b]	-1.49	-0.86	-0.23	0.41	1.04

## CTM Analysis (Floor Prices - Current Method)

SCE Transmission MC	0.34	0.34	0.34	0.34	0.34
SCE Distribution MC	1.59	1.59	1.59	1.59	1.59
SCE Generation MC	5.76	5.76	5.76	5.76	5.76
DWR Power	2.00	2.00	2.00	2.00	2.00
Total for Recovery [c]	9.68	9.68	9.68	9.68	9.68
CTM [a-c]	-0.18	0.46	1.09	1.72	2.36

<b>Direct Access Service</b>	<b>Annual Rate (¢/kWh)</b>
------------------------------	--------------------------------

Distribution	1.62
Non-Bypassable Charges	1.65
CRS	2.70
Total	3.27

	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
	<b>25% discount</b>	<b>20% discount</b>	<b>15% discount</b>	<b>10% discount</b>	<b>5% discount</b>
Current Rate	3.27	3.27	3.27	3.27	3.27
Discount (% of Bundled Rate)	3.17	2.53	1.90	1.27	0.63
Rate After Discount [a]	0.11	0.74	1.37	2.01	2.64

## CTM Analysis

Non-Bypassable Charges	1.65	1.65	1.65	1.65	1.65
CRS	2.70	2.70	2.70	2.70	2.70
SCE Distribution MC	1.59	1.59	1.59	1.59	1.59
Total for Recovery [b]	5.94	5.94	5.94	5.94	5.94
CTM [a-b]	-5.83	-5.20	-4.57	-3.93	-3.30

Table II-4

Economic Development Rate Analysis - TOU-8-Sub Rate Group					
Average Load Factor Case - Class Average					
Bundled Service	Annual Rate (¢/kWh)				
Distribution	0.26				
Non-Bypassable Charges	1.48				
SCE Generation	4.07				
DWR Power	2.86				
Total	8.68				
	Year 1 25% discount	Year 2 20% discount	Year 3 15% discount	Year 4 10% discount	Year 5 5% discount
Current Rate	8.68	8.68	8.68	8.68	8.68
Discount from Current Rate	2.17	1.74	1.30	0.87	0.43
Rate After Discount [a]	6.51	6.94	7.37	7.81	8.24
CTM Analysis (Floor Prices - Joint Proposal)					
Non-Bypassable Charges	1.48	1.48	1.48	1.48	1.48
Transmis	0.341				
PPPC	0.597				
NDC	0.048				
DWR BC	0.485				
PUCRF	0.012				
SCE Distribution MC	0.32	0.32	0.32	0.32	0.32
SCE Generation MC	4.41	4.41	4.41	4.41	4.41
DWR Power	2.00	2.00	2.00	2.00	2.00
Total for Recovery [b]	8.21	8.21	8.21	8.21	8.21
CTM [a-b]	-1.70	-1.27	-0.84	-0.40	0.03
CTM Analysis (Floor Prices - Current Method)					
SCE Transmission MC	0.24	0.24	0.24	0.24	0.24
SCE Distribution MC	0.32	0.32	0.32	0.32	0.32
SCE Generation MC	4.41	4.41	4.41	4.41	4.41
DWR Power	2.00	2.00	2.00	2.00	2.00
Total for Recovery [c]	6.97	6.97	6.97	6.97	6.97
CTM [a-c]	-0.46	-0.03	0.41	0.84	1.27
Direct Access Service	Annual Rate (¢/kWh)				
Distribution	0.26				
Non-Bypassable Charges	1.48				
CRS	2.70				
Total	4.45				
	Year 1 25% discount	Year 2 20% discount	Year 3 15% discount	Year 4 10% discount	Year 5 5% discount
Current Rate	4.45	4.45	4.45	4.45	4.45
Discount (% of Bundled Rate)	2.17	1.74	1.30	0.87	0.43
Rate After Discount [a]	2.28	2.71	3.15	3.58	4.01
CTM Analysis					
Non-Bypassable Charges	1.48	1.48	1.48	1.48	1.48
CRS	2.70	2.70	2.70	2.70	2.70
SCE Distribution MC	0.32	0.32	0.32	0.32	0.32
Total for Recovery [b]	4.50	4.50	4.50	4.50	4.50
CTM [a-b]	-2.22	-1.79	-1.36	-0.92	-0.49

## **2. Can the Commission discount any nonbypassable charges? Which ones?**

The Joint Proposal included a floor price that limited the amount of discount that could be offered to an EDR customer. That floor price was set at a level that included all the non-bypassable charges – Department of Water Resources (DWR) bond charge, nuclear decommissioning charge, competition transition charge (CTC), and public purpose program charge, as well as the FERC-jurisdictional transmission charges. Thus, under the Joint Proposal there would be no possibility of discounting any nonbypassable charge.

The ratemaking approved in D.05-09-018 differed from the Joint Proposal in that it deleted from the proposed floor price the transmission charges,<sup>18</sup> public purpose program charge, nuclear decommissioning charge, DWR Bond Charge, and CTC.<sup>19</sup> Instead, the floor price approved in D.05-09-018 consists of marginal costs of transmission and distribution, and, for bundled service customers, marginal generation costs. To the extent the discounted rate falls below the floor price, which is the case for DA customers, this aspect of D.05-09-018 differs from what the Commission held in a 1997 decision – that it was precluded from discounting the nonbypassable CTC and public benefit program charge:

As both ORA and Enron point out that it is necessary to know which of the unbundled elements of the total bill are being discounted because each component is subject to different ratemaking treatment and statutory limitations. As Enron notes, as of January 1, 1998, PG&E's transmission rates will be set by FERC, not this Commission. Therefore, it is unclear how PG&E can propose to discount these rates. Similarly, under our own jurisdiction, we are statutorily required to ensure that both the CTC and public benefit programs charge components of the energy bill are collected on a non-bypassable basis. This precludes any discounting of these elements.<sup>20</sup>

Thus, to the extent the floor price is reached in any EDR contract, there is at least a potential conflict between D.05-09-018 and what the Commission held in 1997.

At least two other states, Pennsylvania and Texas, have reached different conclusions on discounting non-bypassable charges than this Commission's 1997 decision. Although the applicable statutes regarding non-bypassable charges in those jurisdictions are not identical to California's, they

---

<sup>18</sup> The adopted floor price does include the marginal transmission cost.

<sup>19</sup> D.05-09-018, [mimeo], p. 26.

<sup>20</sup> *Re Pacific Gas & Electric Co.*, Decision No. 97-09-047, 1997 Cal. PUC LEXIS 867, pp. 24-25; 75 CPUC2d 349.

are similar, so the analyses and conclusions reached by those state commissions bear at least some consideration in the Commission's decision-making.

First, in a 1998 opinion, the Pennsylvania Public Utilities Commission was faced with interpreting that state's Electricity Generation Customer Choice and Competition Act in the context of an application by Pennsylvania Power and Light Company (PP&L). PP&L offered "a number of incentive rates in the form of riders, rate schedules and billing options ... designed to promote economic growth and/or improve the Company's load factor."<sup>21</sup> Some parties objected to the fact that PP&L's discounts would apply not only to delivery charges, but also to Pennsylvania's version of the competition transition charge. The Pennsylvania commission held that PP&L should be allowed to discount the CTC:

[W]e do not agree that economic development rates are inherently allocable only to generation. Unless the existing benefits are specified as generation benefits in the tariff, each rate must be unbundled in a manner that allocates the existing discount, pro rata, to each component of the bill.<sup>22</sup>

Second, in a 2001 opinion, the Texas Public Utilities Commission reached a similar result when construing the statutes governing that state's nonbypassable charges. In an application by TXU Electric Company, Docket No. 22350, a dispute arose regarding a statutory discount for Texas institutions of higher education. The Texas statute provided that the discount be applied only to base rates. TXU argued that base rates consist of only transmission and distribution, not the nonbypassable charges, such as Texas' system benefit fund (similar to California's public benefit program), nuclear decommissioning fund, transition charge, or competition transition charge. In contrast, the State of Texas argued that all nonbypassable charges are a part of providing electric service, so the discount should apply to nonbypassable charges and that the only charge that should be excluded from the discount is the fuel charge. The Texas Commission concurred with the assigned Administrative Law Judge, who decided:

[T]he nonbypassable charges are not typical surcharges that last a limited period of time. The [system benefit fund] and [nuclear decommissioning fund] resemble gross receipts taxes that have traditionally been included in base rates. [Transition Charge] and

---

<sup>21</sup> *Re Pennsylvania Power & Light Co.*, Docket No. R-00973954, 1998 Pa. PUC LEXIS 131, p. 129.

<sup>22</sup> *Id.* at 133-134.



[Competition Transition Charge] relate to the system plant cost and are, in this respect, typical of costs included in base rates.<sup>23</sup>

Adopting the Joint Proposal's floor price would have avoided this issue since it included the nonbypassable charges. Nonetheless, as discussed above, the Commission has rendered D.05-09-018, SCE and its customers have relied in good faith on the policies adopted in that decision, and they should not be harmed by a retroactive reversal of that decision now.

**3. For each individual nonbypassable charge, address whether exemptions or exceptions for EDR customers are permissible under the applicable statutes and Commission decisions.**

D.06-05-042, the decision granting rehearing of D.05-09-018, and the June 22, 2006 ruling both identified a number of statutory nonbypassable charges: Public Utilities Code §366.2(d) (concerning Department of Water Resources charges), §367 et seq., (concerning the competition transition charge), §379 (concerning nuclear decommissioning charge), and §381 (concerning public purpose program charge) and asked parties to comment on whether any exceptions or exemptions to those charges are permissible. SCE addresses each of those code sections below.

**a. Section 366.2(d) – DWR Charges And Exemptions**

Section 366.2(d)(1) states:

It is the intent of the Legislature that each retail end-use customer that has purchased power from an electrical corporation on or after February 1, 2001, should bear a fair share of the Department of Water Resources' electricity purchase costs, as well as electricity purchase contract obligations incurred as of the effective date of the act adding this section, that are recoverable from electrical corporation customers in commission-approved rates.

The code section following §366.2(d)(1), §366.2(d)(2), contains the Legislature's declaration that the subdivision is "consistent with the requirements of Division 27 (commencing with Section 80000) of the Water Code and Section 360.5, and is therefore declarative of existing law." Included within Division 27 of the Water Code is §80110, which precludes the Commission from increasing electricity charges for residential usage up to 130% of baseline. In D.01-05-064, the Commission addressed recovery of the 3¢/kilowatt-hour charge needed to pay for the DWR purchases

---

<sup>23</sup> *Re TXU Electric Company*, Docket No. 22350, 2001 Tex. PUC LEXIS 68, p. 133. The Texas Commission went on to note, however, that as a procedural matter neither the transition charge nor the competition transition charge were being set in that proceeding, so the issue of discounting those two charges need not be resolved. But the Texas Commission did authorize discounting of the Texas system benefit fund and nuclear decommissioning fund charges.

that had previously been approved in D.01-03-082. The Commission found that Water Code §80110, taken together with Public Utilities Code §739, exempt over 60% of residential sales from the 3¢/kilowatt-hour charge:

Taken together, new Water Code §80110 and Pub. Utils. Code §739, exempt over 60% of residential sales from the 3 [cents]/kWh rate surcharge we authorized March 27<sup>th</sup>. The resulting shortfall is significant: 64% of all Edison residential sales are exempt, and 62% of all PG&E residential sales are exempt. These use exemptions result in half of all residential customers – those who use less than 130% of baseline – being protected by statute from further rate increases.<sup>24</sup>

Thus despite the general provision of §366.2(d)(1) for retail customers to bear a fair share of DWR charges, there are also statutory exemptions for paying those charges. However, those exemptions for up to 130% of residential customers' usage by its terms does not apply to agricultural, commercial, or industrial customers, so would not affect the EDR program.

The Commission also addressed the provisions of Water Code §80110 in the Rate Stabilization Proceeding, A.00-11-038, et al. In deciding how to recover the costs of the bonds used to finance DWR power purchases, the Commission initially applied a per kilowatt-hour charge to all consumption except for SDG&E residential customers' usage up to 130% of baseline and all that utility's medical baseline and CARE-eligible customer usage.<sup>25</sup> The Commission's initial decision became the subject of a string of three applications for rehearing. First, several parties filed applications for rehearing of D.02-10-063 alleging, among other things, that the decision gave an unfair preference to SDG&E residential customers. The Commission agreed with this allegation and in D.02-11-074 extended the same exemption to residential customers of SCE and PG&E.<sup>26</sup> A different group of parties then filed an application for rehearing of D.02-11-074, alleging that the exemption of residential customer usage up to 130% of baseline from the bond charge would discriminatorily shift costs to non-residential usage. Although the Commission stated that it did not find any legal error in D.02-11-074, it nonetheless decided in D.02-12-082: "upon further consideration ... that in fact, the bond charge should be imposed on customer usage below 130% of baseline."<sup>27</sup> Finally, an application for rehearing of D.02-12-082 alleged that imposing the bond charges on residential usage up to 130% of baseline would violate Water Code §80110. The

---

<sup>24</sup> D.01-05-064, [mimeo], p. 24.

<sup>25</sup> D.02-10-063.

<sup>26</sup> See D.02-11-074.

<sup>27</sup> D.02-12-082, [mimeo], p. 3.

Commission rejected this argument in D.03-02-036. As a result of this series of decisions, the only usage exempt from the responsibility for paying the bond charges is that of CARE-eligible and medical baseline customers, so EDR customers are not exempt from these charges.

**b. Section 367, et seq., Competition Transition Charges And Exemptions**

Public Utilities Code §367 was enacted as part of Assembly Bill 1890. In general, it provides for the Commission to identify and provide for recovery of certain costs and categories of costs for generation-related assets and obligations that may become uneconomic as a result of the transition to a competitive generation market. In its 1997 Phase 1 decision on transition cost issues, D.97-06-060, the Commission summarized §367 as follows:

In addition to the general categories of transition costs found eligible for recovery in the Preferred Policy Decision, § 367 provides for transition cost recovery of Biennial Resource Proceeding Update (BRPU) settlement costs, capital additions for units existing as of December 20, 1995 and which we find reasonable for maintaining facilities until 2002, Edison's fixed fuel contracts, and an expanded definition of employee-related transition costs. Section 367 also specifies the period during which particular transition costs may be recovered. Transition cost collection by means of the CTC begins January 1, 1998, simultaneously with the implementation of direct access, the ISO, and the Power Exchange. Costs of generation-related assets and obligations must be collected by December 31, 2001. Costs associated with power purchase contracts, including those QF contracts in place as of December 20, 1995, may be collected for the duration of the contract.<sup>28</sup>

The Commission went on in D.97-06-060 to describe other transition cost recovery provisions of AB 1890:

Employee-related transition costs are defined in §375, which provides that these costs shall be added to the uneconomic generation-related costs and that recovery shall extend through December 31, 2006. In addition, the utilities are permitted to extend the collection period though March 31, 2002 to the extent collection of transition costs is impacted by CTC exemptions, the costs of renewable programs, or BRPU settlement costs, with certain additional provisions. Finally, §376 provides that, to the extent that the costs of programs to accommodate implementation of direct access, the Power Exchange, and the ISO reduce the ability of the utilities to collect generation-related transition costs, those costs may be collected after December 31, 2001 in an amount equal to Commission-approved implementation costs. No time limit is specified.<sup>29</sup>

Also in D.97-06-060, and in the follow-up to that decision, D.97-12-039, the Commission resolved several issues that had been raised regarding the statutory exemptions to CTC

---

<sup>28</sup> *Re Pacific Gas & Electric Co.*, D.97-06-060, 1997 Cal. PUC LEXIS 231, p. 10-11; 72 CPUC 2d 736; 178 P.U.R. 4<sup>th</sup> 265.

<sup>29</sup> *Id.* at pp. 11-12.

recovery provided in Public Utilities Code §§372-374.<sup>30</sup> Unless an EDR customer qualifies for one of those statutory exemptions, they are responsible for paying the CTC.

### **c. Section 379 Nuclear Decommissioning Charges**

Public Utilities Code §379 provides that nuclear decommissioning costs are not part of the competition transition charge defined in §367, et seq., but are to be recovered “as a nonbypassable charge until the time as the costs are fully recovered.” The Commission has described the statute as follows:

Newly-added PU Code Section 379 also authorizes a nonbypassable charge for nuclear decommissioning costs, until those costs are fully recovered. These costs and revenue requirements are traditionally determined in the GRC proceedings. In D.95-07-055, we established the investment guidelines for decommissioning trust funds and reporting requirements for determining these costs. One of those requirements is that engineering cost studies and ratepayer contribution analyses continue to be performed every three years. In the absence of GRCs, we will establish a Nuclear Decommissioning Costs Triennial Proceeding (NDCTP) to determine the decommissioning costs and establish the annual revenue requirement and attrition factors over the three year period. Once the annual revenue requirement is established in the NDCTP, the nuclear decommissioning charge will be established in the unbundling and ratesetting issue areas. Additional procedural guidance will be forthcoming.

In the Preferred Policy Decision, we highlighted the importance of maintaining adequate funds to cover the cost of nuclear decommissioning and therefore adopted a policy by which we would continue to oversee and monitor the existing trust funds. That policy is unchanged. PG&E, Edison, and SDG&E must continue to comply with the guidelines and reporting requirements as set forth in D.95-07-055. Any requests to modify those guidelines must be made through petitions for modification of that decision. Any requests to accelerate the recovery of these costs must be made through a formal application.<sup>31</sup>

In a 1999 decision, the Commission was faced with deciding whether the CTC exemption specified in §374 for the Bay Area Rapid Transit District also exempted the district from the nonbypassable charges set forth in §§379, 381, and 382:

Sections 379, 381, and 382 were added to the Pub. Util. Code at the same time as §374(b) – all as a part of AB 1890. They impose nonbypassable charges on all electric customers, regardless of whether they take services in a bundled or unbundled manner. On their face, they provide for no exceptions to this general rule, not even for BART. Because neither these statutes nor § 374(b) contain an explicit exemption for BART, it

---

<sup>30</sup> See D.97-12-039, section entitled “Terms and Conditions: Nonconsensus Issues

<sup>31</sup> *Order Instituting Rulemaking on the Commission's Proposed Policies Governing Restructuring California's Electric Services Industry and Reforming Regulation*, D.96-12-088, 1996 Cal. PUC LEXIS 1195, pp. 58-60; 70 CPUC2d 497.

is clear that the Legislature did *not* intend to exempt BART from costs for nuclear decommissioning or for these specific public interest programs, but only from the specific costs referenced in § 374(b).<sup>32</sup>

Thus there is no statutory or Commission-made exception or exemption from §379 cost responsibility.

#### **d. Section 381 Public Purpose Program Charges**

The Commission has summarized the Public Purpose Program Charges under Public Utilities Code §381 as follows:

First, § 381(a) establishes a nonbypassable charge on local distribution service, collected on the basis of usage. Section § 381(a) states that these funds are not to be commingled with other utility revenues and directs each electric utility to identify a separate rate component for the funds.

Second, § 381(b) specifies the purposes for which the funds collected under the nonbypassable distribution charge established in § 381(a) are to be used:

- (1) Cost-effective energy efficiency and conservation activities.
- (2) Public interest research and development not adequately provided by competitive and regulated markets.
- (3) In-state operation and development of existing and new and emerging renewable resource technologies....

Third, § 381(c) provides the specific funding levels to be collected under the nonbypassable distribution charge. In the area of RD&D, § 381(c) directs:

Research, development and demonstration programs to advance science or technology that are not adequately provided by competitive and regulated markets shall be funded at not less than the following levels....

Finally, § 381(f) discusses the transfer of certain RD&D funds to the CEC:

The Commission shall determine how to utilize funds for purposes of paragraphs (1) and (2) of subdivision (b), provided that only those research and development funds for transmission and distribution functions shall remain with the regulated public utilities under the supervision of the commission. The commission shall provide for the transfer of all research and development funds collected for the purposes of paragraph (2) of subdivision (b) other than those for transmission and distribution functions and funds collected for purposes of paragraph (3) of subdivision (b) to the California Energy Resources Conservation and Development Commission pursuant to administration and expenditure criteria to be established by the Legislature.<sup>33</sup>

---

<sup>32</sup> D.99-10-058; 1999 Cal. PUC LEXIS 714, p. 32.

<sup>33</sup> *Rulemaking on the Commission's Proposed Policies Governing Restructuring California's Electric Services Industry and Reforming Regulation*, D.97-02-014, 1997 Cal. PUC LEXIS 76; 70 CPUC2d 774; 175 P.U.R.4th 436.

There are no specific statutory or Commission-created exceptions or exemptions to §381.

**4. What non-bypassable charges are subject to exception upon a Commission finding that there will be no cost shifting?**

As discussed in SCE's response to Question 3, above, the only exemptions to any nonbypassable charge are the statutory CTC exemptions. Unless they fit within one of those statutory exemptions, EDR customers are responsible for the CTC. There is no statutory or Commission-made basis for excepting the other non-bypassable charges (DWR charges, public purpose program charge, and nuclear decommissioning charge).

**a. Parties advocating exception from the payment of such non-bypassable charges must submit a showing to demonstrate why cost shifting would not occur (e.g., does customer retention in fact produce benefits that would offset any shifting of costs to other customer classes?)**

SCE considers the exclusion of non-bypassable charges in determining the floor price to be much different than excepting the payment of such non-bypassable charges. SCE does not advocate excepting payment of non-bypassable charges and has assigned the non-bypassable receivables its highest priority for payment.

**b. Do any of the benefits of retaining EDR customers accrue to shareholders? If so, how should this be considered when determining cost-shifting?**

The issue of whether utility shareholders benefit from retaining EDR customers has already been extensively litigated in this proceeding. Any variation in kilowatt-hour sales from the levels used to set SCE's Commission-adopted revenue requirement is subject to balancing account treatment, so no additional revenues or earnings would accrue to SCE shareholders from the incremental sales resulting from EDRs.<sup>34</sup> As the Commission stated in D.96-08-025:

Under the current regulatory structure, the loss of existing customers and corresponding sales directly affects Edison's base rate levels, rather than Edison's total revenues or shareholder earnings. ... If electric sales are lower than projected in the GRC forecast, ERAM increases the average electric rate until the total authorized dollar amount of base revenue is collected. Conversely, if electric sales are higher than expected, ERAM

---

<sup>34</sup> SCE, Jazayeri, Exhibit 4, p. 2.

decreases the average electric rate. In this way, utility shareholders remain indifferent to changes in utility sales or forecasting errors.<sup>35</sup>

Following an interlude of Performance-Based Ratemaking, the Commission has returned to a regulatory regime that handles sales variations in essentially the same manner as described in D.96-08-025, so SCE shareholders receive no financial benefit from any increase of actual over forecast sales levels.

Beyond purely financial benefits, some have posited that through EDR contracts SCE might gain “strategic advantages” or “alliances” with business associations and other partners that will generate shareholder benefits. But these theoretical benefits are far too nebulous and unpredictable to be effectively quantified and provide no real benefit to shareholders. It was also asserted that incremental sales resulting from EDRs might improve market analysts’ views of SCE, thereby positively affecting the EIX stock price. But any benefit that might accrue would be nebulous at best and be indistinguishable from the background noise in stock prices.

There are no clear, direct or compelling links between EDR discounts and shareholder benefits. It is clear, however, that Public Utilities Code §740.4 requires the EDR to provide clear ratepayer benefits for ratepayers to fund the discount. The Commission found such benefits in D.05-09-018, so authorized ratepayer funding. The EDRs also provide societal benefits including economic vitality, good jobs and tax revenues for key governmental services.

**5. Can EDR program levels under D.05-09-018 be achieved by applying the discount to bill components other than nonbypassable charges? Are there any statutory restrictions to applying the EDR discount to the other bill components?**

The EDR Program cap of 100 Megawatts (MW) authorized in D.05-09-018 could be achieved by applying the discount to bill components other than non-bypassable charges as program enrollment is dependent upon total rate discount and not necessarily which components are discounted. The Joint Proposal of SCE and PG&E provided that the discount would be applied to components other than nonbypassable charges. Under the Joint Proposal, and prior to updating the rates and underlying marginal costs, SCE’s bundled service customers were able to obtain the full EDR discount. As indicated in Tables II-1 through II-4, the recent reduction in available margin will preclude many customers from achieving the full program discount levels, making it less likely that the program cap will be achieved.

---

<sup>35</sup> *Re Southern California Edison Co.*, D.96-08-025; 1996 Cal. PUC LEXIS 845, pp. 4-5; 67 CPUC 2d 297.



To date, SCE has executed 11 EDR contracts with bundled service customers, representing 37.5 MW under the 100 MW program cap, and one DA customer representing an additional 1.2 MW. These contracts reflect the then applicable marginal costs which were significantly lower than the currently effective marginal costs. With the currently effective rates and marginal costs, it is unclear whether any customer would have been able to make the case that “But For” the EDR and the package of other incentives they would have relocated out of state if the floor price includes nonbypassable charges. The program is currently 37% subscribed for SCE after approximately 10 months of availability of the EDR. Unless customers can attain the full EDR discounts, it is unlikely that the full 100 MW will be achieved.

With regards to applying the discounts to other rate components, with the exceptions noted in SCE’s answer to Question 3 above, the Commission is not precluded from applying the discounts to other components of the customer’s bill.

**a. What would be the resulting allocation of program costs?**

When SCE implemented its EDR rates per Advice Letter 1918-E, ratemaking associated with the EDR discounts was structured in the following manner:

SCE accounts for the revenues resulting from the EDR discounted bill by first allocating the discount to the Delivery and Generation (or CRS in the case of DA service) portions of the customer’s bill. The EDR discount (adjusted as necessary by the floor price) is separated between components based on the OAT bill. For bundled customers, the ratio of OAT Delivery to the total OAT bill determines the portion of the EDR discount allocated to the Delivery portion of the bill, with the remainder assigned to the Generation portion of the bill. For DA customers, the allocation is done in a similar fashion, with the imputed generation bill replacing the CRS component for purposes of dividing the EDR discount. The “generation” related portion of the EDR discount offsets a portion of the DA customers’ CRS, in the same way the generation portion of the bundled customers’ EDR discount offsets a portion of the customers OAT generation bill. Reductions in Distribution or Utility Retained Generation (URG) revenues resulting from the EDR discount will be reflected through the operation of currently authorized balancing accounts (e.g., Energy Resource Recovery Account and Base Revenue Requirement Balancing Account for generation and distribution, respectively). Reflecting the EDR discount in this way ensures complete recovery of all Federal Energy Regulatory Commission (FERC) and California Public Utilities Commission (CPUC) jurisdictional non-bypassable charges. The “generation” portion of the EDR discount provided to DA customers results in a reduction in HPC revenues, and that reduction is recovered from other DA customers in the same way the reduction in generation revenues resulting from the final EDR discount for bundled service customers is recovered from all customers receiving bundled service.<sup>36</sup>

---

<sup>36</sup> SCE Advice Letter 1918-E-A, pages 2-3.



SCE recommends continuing this ratemaking treatment regardless of the definition of floor price.

- b. Would applying the discount to the other bill components (e.g., distribution and transmission) result in zero or negative margin to those charges? If so, by how much (expressed as a percentage)? How should this shortfall be allocated among the remaining customer classes?**

As discussed above, if the EDR revenue is less than the Joint Proposal's recommended floor price and the non-bypassable charges are paid in full, contributions to the remaining bill components will result in negative margin for those charges. Tables II-5 through II-8, below, present estimates of this negative margin for the generation, distribution, and CRS components on a per kWh basis. If the Commission finds that these components should be discounted below their cost-based levels, SCE recommends allocating any shortfall through authorized generation and distribution revenue allocation factors approved in SCE's 2006 GRC Phase 2 decision.

- c. What benefits accrue to remaining customers that offset any shortfalls?**

The core premise of the EDR program is that "but for" the EDR discounts, customers would either shut down (EDR-Retention) or not provide any incremental load (EDR-Attraction or Expansion). Most of SCE's EDR contracts are to retain or expand existing California businesses. The Commission's decision to base the floor price on the marginal costs of generation, transmission, and distribution establishes one measure of the net benefit associated with the EDR revenue. That is, any revenue recovered in excess of SCE's marginal costs is available to reduce the burden of the other remaining charges paid by all remaining customers. Using this definition, the EDR customer revenue above the floor price adopted in D.05-09-018 would represent this benefit. Tables II-5 through II-8 also show the existing relationships between the non-bypassable charges and marginal cost elements. To the extent the Commission considers contributions towards non-bypassable charges to provide a benefit equivalent to a contribution to generation and distribution "margin," the discounts are almost cost-effective, even with the maximum 25% EDR discount. When analyzed throughout their five-year program life, the benefits paid via the non-bypassable charges exceed the margin deficiency in generation and distribution.

Table II-5

Economic Development Rate Analysis - TOU-GS-3 Rate Group						
	Year 1 25% discount	Year 2 20% discount	Year 3 15% discount	Year 4 10% discount	Year 5 5% discount	5 Year Average
<b>Bundled Service</b>						
<b>SCE's Accounts Receivable Allocation (Floor Prices - Current Method)</b>						
Transmission	0.56	0.56	0.56	0.56	0.56	0.56
Other	1.32	1.32	1.32	1.32	1.32	1.32
Total NBP	1.88	1.88	1.88	1.88	1.88	1.88
Distribution	1.88	1.92	2.07	2.21	2.36	2.09
Generation	4.42	4.61	5.17	5.73	6.29	5.25
DWR	2.85	2.85	2.85	2.85	2.85	2.85
Rate After Discount [a] and floor application (capped)	11.03	11.27	11.97	12.67	13.38	12.06
<b>Marginal Cost</b>						
Transmission	0.44	0.44	0.44	0.44	0.44	0.44
Distribution	2.17	2.17	2.17	2.17	2.17	2.17
Generation	6.42	6.42	6.42	6.42	6.42	6.42
DWR	2.00	2.00	2.00	2.00	2.00	2.00
Total MC	10.58	10.58	10.58	10.58	10.58	11.03
<b>CTM</b>						
Transmission	0.12	0.12	0.12	0.12	0.12	0.12
Distribution	(0.29)	(0.25)	(0.10)	0.04	0.19	(0.08)
Generation	(1.99)	(1.80)	(1.24)	(0.68)	(0.12)	(1.17)
DWR	0.85	0.85	0.85	0.85	0.85	0.85
<b>Direct Access</b>						
<b>SCE's Accounts Receivable Allocation</b>						
Transmission	0.56	0.56	0.56	0.56	0.56	0.56
Other	1.32	1.32	1.32	1.32	1.32	1.32
Total NBP	1.88	1.88	1.88	1.88	1.88	1.88
Distribution	0.62	0.93	1.25	1.56	1.87	1.25
CRS	0.77	1.16	1.55	1.94	2.33	1.55
Rate After Discount [a]	3.27	3.97	4.68	5.38	6.09	4.68
<b>Marginal Cost</b>						
Transmission	0.44	0.44	0.44	0.44	0.44	0.44
Distribution	2.17	2.17	2.17	2.17	2.17	2.17
CRS	2.70	2.70	2.70	2.70	2.70	2.70
Total MC	5.31	5.31	5.31	5.31	5.31	5.31
<b>CTM</b>						
Transmission	0.12	0.12	0.12	0.12	0.12	0.12
Distribution	(1.55)	(1.24)	(0.92)	(0.61)	(0.29)	(0.92)
CRS	(1.93)	(1.54)	(1.15)	(0.76)	(0.37)	(1.15)
Total CTM	(3.48)	(2.77)	(2.07)	(1.37)	(0.66)	(1.95)

Table II-6

Economic Development Rate Analysis - TOU-8-Sec Rate Group						
	Year 1 25% discount	Year 2 20% discount	Year 3 15% discount	Year 4 10% discount	Year 5 5% discount	5 Year Average
<b>Bundled Service</b>						
<b>SCE's Accounts Receivable Allocation (Floor Prices - Current Method)</b>						
Transmission	0.46	0.46	0.46	0.46	0.46	0.46
Other	1.29	1.29	1.29	1.29	1.29	1.29
Total NBP	1.75	1.75	1.75	1.75	1.75	1.75
Distribution	1.58	1.65	1.78	1.90	2.02	1.79
Generation	4.06	4.38	4.92	5.47	6.01	4.97
DWR	2.85	2.85	2.85	2.85	2.85	2.85
Rate After Discount [a] and floor application (capped)	10.24	10.64	11.30	11.97	12.63	11.36
<b>Marginal Cost</b>						
Transmission	0.39	0.39	0.39	0.39	0.39	0.39
Distribution	1.83	1.83	1.83	1.83	1.83	1.83
Generation	6.02	6.02	6.02	6.02	6.02	6.02
DWR	2.00	2.00	2.00	2.00	2.00	2.00
Total MC	9.85	9.85	9.85	9.85	9.85	9.85
<b>CTM</b>						
Transmission	0.07	0.07	0.07	0.07	0.07	0.07
Distribution	(0.25)	(0.18)	(0.05)	0.07	0.19	(0.05)
Generation	(1.96)	(1.63)	(1.09)	(0.55)	(0.01)	(1.05)
DWR	0.85	0.85	0.85	0.85	0.85	0.85
Total CTM						
<b>Direct Access</b>						
<b>SCE's Accounts Receivable Allocation</b>						
Transmission	0.46	0.46	0.46	0.46	0.46	0.46
Other	1.29	1.29	1.29	1.29	1.29	1.29
Total NBP	1.75	1.75	1.75	1.75	1.75	1.75
Distribution	0.54	0.81	1.07	1.34	1.61	1.07
CRS	0.79	1.19	1.58	1.98	2.38	1.58
Rate After Discount [a]	3.08	3.74	4.41	5.07	5.74	4.41
<b>Marginal Cost</b>						
Transmission	0.39	0.39	0.39	0.39	0.39	0.39
Distribution	1.83	1.83	1.83	1.83	1.83	1.83
CRS	2.70	2.70	2.70	2.70	2.70	2.70
Total MC	4.92	4.92	4.92	4.92	4.92	4.92
<b>CTM</b>						
Transmission	0.07	0.07	0.07	0.07	0.07	0.07
Distribution	(1.29)	(1.03)	(0.76)	(0.49)	(0.22)	(0.76)
CRS	(1.91)	(1.51)	(1.12)	(0.72)	(0.32)	(1.12)
Total CTM	(3.13)	(2.47)	(1.80)	(1.14)	(0.47)	(1.87)

Table II-7

Economic Development Rate Analysis - TOU-8-Pri Rate Group						
	Year 1 25% discount	Year 2 20% discount	Year 3 15% discount	Year 4 10% discount	Year 5 5% discount	5 Year Average
<b>Bundled Service</b>						
<b>SCE's Accounts Receivable Allocation (Floor Prices - Current Method)</b>						
Transmission	0.39	0.39	0.39	0.39	0.39	0.39
Other	1.26	1.26	1.26	1.26	1.26	1.26
Total NBP	1.65	1.65	1.65	1.65	1.65	1.65
Distribution	1.36	1.44	1.55	1.65	1.76	1.55
Generation	3.81	4.19	4.72	5.24	5.77	4.75
DWR	2.85	2.85	2.85	2.85	2.85	2.85
Rate After Discount [a] and floor application (capped)	9.68	10.13	10.77	11.40	12.03	10.80
<b>Marginal Cost</b>						
Transmission	0.34	0.34	0.34	0.34	0.34	0.34
Distribution	1.59	1.59	1.59	1.59	1.59	1.59
Generation	5.76	5.76	5.76	5.76	5.76	5.76
DWR	2.00	2.00	2.00	2.00	2.00	2.00
Total MC	9.34	9.34	9.34	9.34	9.34	9.34
<b>CTM</b>						
Transmission	0.06	0.06	0.06	0.06	0.06	0.06
Distribution	(0.22)	(0.15)	(0.04)	0.07	0.18	(0.03)
Generation	(1.95)	(1.57)	(1.04)	(0.51)	0.01	(1.01)
DWR	0.85	0.85	0.85	0.85	0.85	0.85
Total CTM						
<b>Direct Access</b>						
<b>SCE's Accounts Receivable Allocation</b>						
Transmission	0.39	0.39	0.39	0.39	0.39	0.39
Other	1.26	1.26	1.26	1.26	1.26	1.26
Total NBP	1.65	1.65	1.65	1.65	1.65	1.65
Distribution	(0.57)	(0.34)	(0.10)	0.13	0.37	(0.10)
CRS	(0.97)	(0.58)	(0.18)	0.22	0.62	(0.18)
Rate After Discount [a]	0.11	0.74	1.37	2.01	2.64	1.37
<b>Marginal Cost</b>						
Transmission	0.34	0.34	0.34	0.34	0.34	0.34
Distribution	1.59	1.59	1.59	1.59	1.59	1.59
CRS	2.70	2.70	2.70	2.70	2.70	2.70
Total MC	4.62	4.62	4.62	4.62	4.62	4.62
<b>CTM</b>						
Transmission	0.06	0.06	0.06	0.06	0.06	0.06
Distribution	(2.16)	(1.92)	(1.69)	(1.46)	(1.22)	(1.69)
CRS	(3.67)	(3.28)	(2.88)	(2.48)	(2.08)	(2.88)
Total CTM	(5.83)	(5.20)	(4.57)	(3.93)	(3.30)	(4.51)

Table II-8

Economic Development Rate Analysis - TOU-8-Sub Rate Group
---

	Year 1 25% discount	Year 2 20% discount	Year 3 15% discount	Year 4 10% discount	Year 5 5% discount	5 Year Average
<b>Bundled Service</b>						
<b>SCE's Accounts Receivable Allocation (Floor Prices - Current Method)</b>						
Transmission	0.34	0.34	0.34	0.34	0.34	0.34
Other	1.14	1.14	1.14	1.14	1.14	1.14
Total NBP	1.48	1.48	1.48	1.48	1.48	1.48
Distribution	0.26	0.26	0.28	0.30	0.32	0.28
Generation	2.36	2.36	2.75	3.17	3.58	2.85
DWR	2.86	2.86	2.86	2.86	2.86	2.86
Rate After Discount [a] and floor application (capped)	6.97	6.97	7.37	7.81	8.24	7.47
<b>Marginal Cost</b>						
Transmission	0.24	0.24	0.24	0.24	0.24	0.24
Distribution	0.32	0.32	0.32	0.32	0.32	0.32
Generation	4.41	4.41	4.41	4.41	4.41	4.41
DWR	2.00	2.00	2.00	2.00	2.00	2.00
Total MC	6.73	6.73	6.73	6.73	6.73	6.73
<b>CTM</b>						
Transmission	0.10	0.10	0.10	0.10	0.10	0.10
Distribution	(0.06)	(0.06)	(0.04)	(0.02)	0.00	(0.04)
Generation	(2.05)	(2.05)	(1.66)	(1.25)	(0.83)	(1.57)
DWR	0.86	0.86	0.86	0.86	0.86	0.86
Total CTM						
<b>Direct Access</b>						
<b>SCE's Accounts Receivable Allocation</b>						
Transmission	0.34	0.34	0.34	0.34	0.34	0.34
Other	1.14	1.14	1.14	1.14	1.14	1.14
Total NBP	1.48	1.48	1.48	1.48	1.48	1.48
Distribution	0.00	0.00	0.00	0.00	0.00	0.00
CRS	0.39	0.60	0.82	1.03	1.24	0.82
Rate After Discount [a]	1.87	2.09	2.30	2.51	2.73	2.30
<b>Marginal Cost</b>						
Transmission	0.24	0.24	0.24	0.24	0.24	0.24
Distribution	0.00	0.00	0.00	0.00	0.00	0.00
CRS	1.48	1.48	1.48	1.48	1.48	1.48
Total MC	1.72	1.72	1.72	1.72	1.72	1.72
<b>CTM</b>						
Transmission	0.10	0.10	0.10	0.10	0.10	0.10
Distribution	0.00	0.00	0.00	0.00	0.00	0.00
CRS	(1.09)	(0.88)	(0.67)	(0.45)	(0.24)	(0.67)
Total CTM	(1.09)	(0.88)	(0.67)	(0.45)	(0.24)	(0.56)

### III. CONCLUSION

SCE's summary conclusions and recommendations are:

1. Any changes the Commission decides to make to the EDR program should be prospective only.
2. Shareholder contributions to EDR discounts has already been litigated in this proceeding and correctly rejected by the Commission.
3. If the Commission retains the existing floor price methodology, EDR receivables should be allocated to non-bypassable components first with resulting shortfalls treated through normal otherwise applicable balancing account treatments as described in SCE's AL-1918. Non-bypassable receivables should not be discounted.
4. EDR customers' contributions towards non-bypassable charges should be assigned value similar to that of contribution to margin. The Commission has the authority and has previously provided for discounting below marginal cost (see, e.g., D.06-04-002, discussed in Section II.A.5 of these comments).

Respectfully submitted,

JAMES M. LEHRER  
FRANK A. MCNULTY

/s/

By: Frank A. McNulty

Attorneys for  
SOUTHERN CALIFORNIA EDISON COMPANY

2244 Walnut Grove Avenue  
Post Office Box 800  
Rosemead, California 91770  
Telephone: (626) 302-1499  
Facsimile: (626) 302-6693  
E-mail: [mcnultfa@sce.com](mailto:mcnultfa@sce.com)

**August 1, 2006**

**CERTIFICATE OF SERVICE**

I hereby certify that, pursuant to the Commission's Rules of Practice and Procedure, I have this day served a true copy of **SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E) COMMENTS IN RESPONSE TO ADMINISTRATIVE LAW JUDGE'S RULING REGARDING ORDER GRANTING LIMITED REHEARING OF DECISION 05-09-018 REGARDING THE FLOOR PRICE FOR EDR** on all parties identified on the attached service list(s). Service was effected by one or more means indicated below:

Transmitting the copies via e-mail to all parties who have provided an e-mail address. First class mail will be used if electronic service cannot be effectuated.

Executed this **1<sup>st</sup> day of August, 2006**, at Rosemead, California.

/S/\_\_\_\_\_

**Robin Taylor**  
**Case Analyst**  
SOUTHERN CALIFORNIA EDISON COMPANY

2244 Walnut Grove Avenue  
Post Office Box 800  
Rosemead, California 91770

MICHAEL ALCANTAR  
ATTORNEY AT LAW  
ALCANTAR & KAHL LLP  
1300 SW FIFTH AVENUE, SUITE 1750  
PORTLAND, OR 97201  
A.04-04-008

Robert A. Barnett  
CALIF PUBLIC UTILITIES COMMISSION  
505 VAN NESS AVENUE  
ROOM 2208  
SAN FRANCISCO, CA 94102-3214  
A.04-04-008

BARBARA R. BARKOVICH  
BARKOVICH & YAP, INC.  
44810 ROSEWOOD TERRACE  
MENDOCINO, CA 95460  
A.04-04-008

SCOTT BLAISING  
ATTORNEY AT LAW  
BRAUN & BLAISING, P.C.  
915 L STREET, STE. 1420  
SACRAMENTO, CA 95814  
A.04-04-008

WILLIAM H. BOOTH  
ATTORNEY AT LAW  
LAW OFFICE OF WILLIAM H. BOOTH  
1500 NEWELL STREET, 5TH FLOOR  
WALNUT CREEK, CA 94596  
A.04-04-008

ANDREW B. BROWN  
ELLISON, SCHNEIDER & HARRIS, LLP  
2015 H STREET  
SACRAMENTO, CA 95814  
A.04-04-008

DAN L. CARROLL  
ATTORNEY AT LAW  
DOWNEY BRAND LLP  
555 CAPITOL MALL, 10TH FLOOR  
SACRAMENTO, CA 95814  
A.04-04-008

CENTRAL FILES  
CENTRAL FILES  
SAN DIEGO GAS & ELECTRIC  
8330 CENTURY PARK COURT  
SAN DIEGO, CA 92123-1530-1530  
A.04-04-008

REGINA M. DEANGELIS  
ATTORNEY AT LAW  
CALIFORNIA PUBLIC UTILITIES  
COMMISSION  
505 VAN NESS AVENUE  
ROOM 4107  
SAN FRANCISCO, CA 94102-3214  
A.04-04-008

LOS ANGELES DOCKET OFFICE  
LOS ANGELES DOCKET OFFICE  
CALIFORNIA PUBLIC UTILITIES  
COMMISSION  
320 W. 4TH STREET, SUITE 500  
LOS ANGELES, CA 90013  
A.04-04-008

DANIEL W. DOUGLASS  
ATTORNEY AT LAW  
DOUGLASS & LIDDELL  
21700 OXNARD STREET, SUITE 1030  
WOODLAND HILLS, CA 91367-8102  
A.04-04-008

LAW DEPARTMENT FILE ROOM  
LAW DEPT FILE ROOM  
PACIFIC GAS & ELECTRIC COMPANY  
PO BOX 7442  
PO BOX 770000 MAILCODE B30A  
SAN FRANCISCO, CA 94120-7442  
A.04-04-008

CENTRAL FILES  
SAN DIEGO GAS & ELECTRIC COMPANY  
8330 CENTURY PARK COURT  
SAN DIEGO, CA 92123-1530  
A.04-04-008

MICHEL PETER FLORIO  
SENIOR ATTORNEY  
THE UTILITY REFORM NETWORK (TURN)  
711 VAN NESS AVENUE, SUITE 350  
SAN FRANCISCO, CA 94102  
A.04-04-008

STEVEN W. FRANK  
PACIFIC GAS AND ELECTRIC COMPANY  
77 BEALE STREET, B30A  
SAN FRANCISCO, CA 94105  
A.04-04-008

MATTHEW FREEDMAN  
ATTORNEY AT LAW  
THE UTILITY REFORM NETWORK  
711 VAN NESS AVENUE, SUITE 350  
SAN FRANCISCO, CA 94102  
A.04-04-008

NORMAN J. FURUTA  
ATTORNEY AT LAW  
DEPARTMENT OF THE NAVY  
333 MARKET ST. 10TH FLOOR  
SAN FRANCISCO, CA 94105-2195  
A.04-04-008

DAN GEIS  
AGRICULTURAL ENERGY CONSUMERS  
ASSOC.  
925 L STREET, SUITE 800  
SACRAMENTO, CA 95814  
A.04-04-008

BRIAN M. HESS  
NIAGARA BOTTLING, LLC  
5675 E. CONCURS  
ONTARIO, CA 91764  
A.04-04-008

EVELYN KAHL  
ATTORNEY AT LAW  
ALCANTAR & KAHL LLP  
120 MONTGOMERY STREET, SUITE 2200  
SAN FRANCISCO, CA 94104  
A.04-04-008

STANLEY KATAOKA  
PACIFIC GAS AND ELECTRIC COMPANY  
PO BOX 770000, MAIL CODE B8L  
SAN FRANCISCO, CA 94177  
A.04-04-008



Dexter E. Khoury  
CALIF PUBLIC UTILITIES COMMISSION  
505 VAN NESS AVENUE  
ROOM 4209  
SAN FRANCISCO, CA 94102-3214  
A.04-04-008

GREGORY S.G. KLATT  
ATTORNEY AT LAW--Wal-Mart Stores, Inc.  
DOUGLASS & LIDDELL  
411 E. HUNTINGTON DR., NO. 107-356  
ARCADIA, CA 91007  
A.04-04-008

DONALD C. LIDDELL  
DOUGLASS & LIDDELL  
2928 2ND AVENUE  
SAN DIEGO, CA 92103  
A.04-04-008

RONALD LIEBERT  
ATTORNEY AT LAW  
CALIFORNIA FARM BUREAU FEDERATION  
2300 RIVER PLAZA DRIVE  
SACRAMENTO, CA 95833  
A.04-04-008

KAREN LINDH  
LINDH & ASSOCIATES  
7909 WALERGA ROAD, NO. 112, PMB119  
CMTA  
ANTELOPE, CA 95843  
A.04-04-008

CHRISTOPHER J. MAYER  
MODESTO IRRIGATION DISTRICT  
1231 11TH STREET  
MODESTO, CA 95354  
A.04-04-008

CHRISTOPHER MAYER  
MODESTO IRRIGATION DISTRICT  
PO BOX 4060  
MODESTO, CA 95352-4060-4060  
A.04-04-008

KEITH MC CREA  
ATTORNEY AT LAW  
SUTHERLAND, ASBILL & BRENNAN  
1275 PENNSYLVANIA AVENUE, NW  
WASHINGTON, DC 20004-2415  
A.04-04-008

RICHARD MCCANN  
M.CUBED  
2655 PORTAGE BAY ROAD, SUITE 3  
DAVIS, CA 95616  
A.04-04-008

KELLY M. MORTON  
ATTORNEY AT LAW  
SAN DIEGO GAS & ELECTRIC  
101 ASH STREET  
SAN DIEGO, CA 92123  
A.04-04-008

JACKSON W. MUELLER  
JACKSON W. MUELLER, JR., LLC  
12450 235TH PLACE NE  
P.O. Box 6009  
REDMOND, WA 98053  
A.04-04-008

JAMES OZENNE  
SAN DIEGO GAS & ELECTRIC COMPANY  
555 W. FIFTH STREET, GT14D6  
GT14D  
LOS ANGELES, CA 90013-1034  
A.04-04-008

ROXANNE PICCILLO  
REGULATORY ANALYSIS  
PACIFIC GAS AND ELECTRIC COMPANY  
PO BOX 770000  
SAN FRANCISCO, CA 94177-0001  
A.04-04-008

Anne W. Premo  
CALIF PUBLIC UTILITIES COMMISSION  
770 L STREET, SUITE 1050  
SACRAMENTO, CA 95814  
A.04-04-008

J. JASON REIGER  
CALIF PUBLIC UTILITIES COMMISSION  
505 VAN NESS AVENUE  
ROOM 5125  
SAN FRANCISCO, CA 94102  
A.04-04-008

NORA E. SHERIFF  
ATTORNEY AT LAW  
ALCANTAR & KAHL LLP  
120 MONTGOMERY STREET, SUITE 2200  
SAN FRANCISCO, CA 94104  
A.04-04-008

KAREN TERRANOVA  
ALCANTAR & KAHL LLP  
120 MONTGOMERY STREET, STE 2200  
SAN FRANCISCO, CA 94104  
A.04-04-008

ANDREW ULMER  
CALIFORNIA DEPARTMENT OF WATER  
RESOURCE  
1416 NINTH STREET, SUITE 1118  
SACRAMENTO, CA 95814  
A.04-04-008

ANDREW ULMER  
ATTORNEY AT LAW  
SIMPSON PARTNERS LLP  
900 FRONT STREET, SUITE 300  
SAN FRANCISCO, CA 94111  
A.04-04-008

DEVRA WANG  
STAFF SCIENTIST  
NATURAL RESOURCES DEFENSE COUNCIL  
111 SUTTER STREET, 20TH FLOOR  
SAN FRANCISCO, CA 94104  
A.04-04-008

JAMES WEIL  
AGLET CONSUMER ALLIANCE  
PO BOX 37  
COOL, CA 95614  
A.04-04-008

LULU WEINZIMER  
CALIFORNIA ENERGY CIRCUIT  
695 9TH AVE. NO.2  
SAN FRANCISCO, CA 94118  
A.04-04-008

LEGAL & REGULATORY DEPARTMENT  
CALIFORNIA ISO  
151 BLUE RAVINE ROAD  
FOLSOM, CA 95630  
A.04-04-008

MRW & ASSOCIATES, INC.  
1999 HARRISON STREET, STE 1440  
OAKLAND, CA 94612-3517  
A.04-04-008

ATTORNEY  
MODESTO IRRIGATION DISTRICT  
PO BOX 4060  
MODESTO, CA 95354  
A.04-04-008

CALIFORNIA ENERGY MARKETS  
517 B POTRERO AVENUE  
SAN FRANCISCO, CA 94110-1431  
A.04-04-008